Artisan High Income Fund

QUARTERLY Commentary

Investor Class: ARTFX | Advisor Class: APDFX | Institutional Class: APHFX

As of 31 March 2019

Investment Process

We seek to invest in issuers with high-quality business models that have compelling risk-adjusted return characteristics. Our research process has four primary pillars:

Business Quality

We use a variety of sources to understand an issuer's business model resiliency. We analyze the general health of the industry in which an issuer operates, the issuer's competitive position, the dynamics of industry participants and the decision-making history of the issuer's management.

Financial Strength and Flexibility

We believe that analyzing the history and trend of free cash flow generation is critical to understanding an issuer's financial health. Our financial analysis also considers an issuer's capital structure, refinancing options, financial covenants, amortization schedules and overall financial transparency.

Downside Analysis

We believe that credit instruments by their nature have an asymmetric risk profile. The risk of loss is often greater than the potential for gain, particularly when looking at below investment grade issuers. We seek to manage this risk with what we believe to be conservative financial projections that account for industry position, competitive dynamics and positioning within the capital structure.

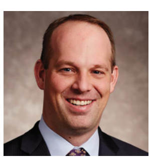
Value Identification

We use multiple metrics to determine the value of an investment opportunity. We look for credit improvement potential, relative value within an issuer's capital structure, catalysts for business improvement and potential value stemming from market or industry dislocations.

Team Overview

Our team brings together a group of experienced credit analysts who are dedicated to a single investment philosophy and process. All team members conduct deep fundamental credit research as generalists with sector tendencies to identify issuers with high quality business models that have compelling risk-adjusted return characteristics.

Portfolio Management



Bryan C. Krug, CFA
Portfolio Manager

Investment Results (%)

As of 31 March 2019	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTFX	**6.46**	**6.46**	**4.28**	**8.84**	**6.07**	—	**6.05**
Advisor Class: APDFX	**6.50**	**6.50**	**4.57**	**9.07**	**6.24**	—	**6.22**
Institutional Class: APHFX	**6.53**	**6.53**	**4.66**	**8.99**	**6.15**	—	**6.13**
ICE BofAML US High Yield Master II Index	7.40	7.40	5.94	8.69	4.70	—	4.72

Source: Artisan Partners/ICE BofA Merrill Lynch. Returns for periods less than one year are not annualized. Class inception: Investor (19 March 2014); Advisor (19 March 2014); Institutional (3 October 2016). For the period prior to inception, Institutional Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Institutional Class and the share class's returns during that period would be different if such expenses were reflected.

Expense Ratios	ARTFX	APDFX	APHFX
Annual Report 30 Sep 2018	0.99	0.82	0.74
Prospectus 30 Sep 2018[1]	1.00	0.83	0.75

[1]See prospectus for further details.

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance. The performance information shown does not reflect the deduction of a 2% redemption fee on shares held by an investor for 90 days or less and, if reflected, the fee would reduce the performance quoted. Unlike the Index, the High Income Fund may hold loans and other security types. At times, this causes material differences in relative performance.

Performance Discussion

Our portfolio participated in the quarter's strong risk-on rally, providing notable absolute returns, but with gains that trailed the ICE BofAML US High Yield Index. Much of our relative underperformance can be attributed to our out-of-benchmark allocation to leveraged loans, which failed to keep pace during the quarter due to their lower-beta return profile. Additionally, the idiosyncratic credit-selection approach we employ is the primary reason for our substantial outperformance since inception but caused us to lag this quarter due in part to a few credit-specific situations in the energy and retail sectors.

March marks the five-year anniversary of the Artisan High Income Fund, and we are pleased to have outperformed the ICE BofAML US High Yield Index and the Morningstar High Yield Bond Category. Since its launch on March 19, 2014, the Artisan High Income Fund (ARTFX) is among the best-performing funds in its peer group, ranking in the 1st percentile out of 518 within the Morningstar High Yield Bond Category*.

Importantly, these returns have been generated with an emphasis toward capital protection. Over the last five years, our unwavering focus on risk-adjusted return potential has resulted in a consistently lower standard deviation than the ICE BofAML US High Yield Index and Morningstar High Yield Bond Category. Having remained true to our investment process by creating a high-conviction, bottom-up portfolio, the Fund has been able to deliver among the best risk-adjusted returns in our peer group**. More notably, our portfolio has captured roughly 67% of drawdowns while participating in 95% of the market's upside, highlighting the team's objective of sidestepping negative credit events and avoiding permanent capital impairment.

Investing Environment

Credit markets rebounded sharply from Q4's sharp sell-off to clock in the strongest quarter of returns in almost a decade. Softening global growth conditions helped foster a more dovish Fed narrative that calmed investor anxieties, sending Treasury yields lower and risk markets higher. High yield bonds (as measured by the ICE BofAML US High Yield Index) were able to recover all of Q4's losses with returns of 7.4%. After touching multi-year wides to start the year, credit spreads rallied almost 150bps before finishing the period at 415bps. Credit spreads have recovered close to 60% of spread widening that has occurred since touching cyclical lows in October 2018.

Leveraged loans (as measured by the JPMorgan Leveraged Loan Index) also posted strong absolute returns, with gains of 3.9%. Despite the strong showing, loans lagged in relation to other high yield and high-grade segments. The Fed's dovish pivot resulted in resetting interest-rate expectations that limited the relative attractiveness of the asset class. As a result, loans have had to contend with 17 consecutive weeks of retail outflows, totaling more than $10 billion. Loan spreads contracted 85bps to finish the quarter at 474bps.

Despite the favorable backdrop for risk assets, there was a notable divergence between overall risk appetite and investors' willingness to reach for yield. Lower-rated segments logically outperformed higher-quality bonds, but the pace of outperformance was underwhelming in the context of high yield's significant recovery. At this point in the cycle, investors were more discerning of riskier, beta-driven credits. In all, BB-rated bonds returned 7.4%, slightly trailing CCC-rated returns of 7.9%. On a spread basis, BB spreads have recovered 75% of Q4 2018's spread widening, whereas CCCs have only recovered 40%.

Across sectors, the risk-on sentiment helped almost every sector finish materially higher. Energy credits led the market higher with returns of 8.4%—helped by a 30% rebound in oil prices—followed closely by consumer products (8.1%) and financials (8.0%). Among the laggards were transportation (2.8%), media (3.2%) and automotive (5.5%).

With the quarter's risk rally, the environment remains broadly supportive of credit fundamentals. Stressed situations in the market remain limited, with less than 2% of the index trading at a price below $70. Nonetheless, there was a small pickup in default activity in the quarter, with nine companies defaulting on a total of $9.3 billion in bonds and loans. Despite the increased volume, the high yield default rate fell below 1% to its lowest level in five years. The favorable environment is expected to continue throughout 2019 and into 2020.

Portfolio Positioning

The portfolio composition between bonds and loans was little changed from Q4 2018—though we used broad strength to make some incremental changes. As always, we look to attach ourselves to the part of the capital structure with the best risk-adjusted potential. As a result, our loan exposure increased incrementally to 22.5% from 20.4%, while our weighting in bonds decreased to 73.2% from 77.6%. From a sector perspective, the biggest changes were increased weightings in telecom and insurance and pared exposure in energy and industrials. With regard to portfolio distribution by credit ratings, we incrementally traded down the ratings spectrum with the broad strength at the higher-end of the credit spectrum, trimming our BB exposure while incrementally adding to CCC-rated risk and a few idiosyncratic opportunities in the IG market. Changes to the top-10 issuers included the addition of Acrisure, NFP Corp, Realogy and VEREIT. All were existing issuers in the portfolio.

The most notable new entrant to the top 10 is Realogy. The company enjoys a leading market position as the world's largest franchisor of residential real estate brokerages. While Realogy has been able to maintain its market share despite disruption from online brokerage solutions, it has seen its credit profile deteriorate over several years as management has levered the company's balance sheets to repurchase equity. More recently, a combination of concerns, including slowing home sales and rising home prices have weighed on the company's capital structure. The residential real estate brokerage market remains cyclical, but we believe there are several

*Morningstar rankings are based on total return, are historical and do not represent future results. Artisan High Income Fund (ARTFX) is ranked 59th or 401 out of 700 funds for 1-Yr, ranked 1st or 3 out of 519 funds for 5-Yr and 1st or 3 out of 518 funds since inception in the Morningstar High Yield Bond category for the period ended 31 March 2019. Investor Class represents the oldest share class in the Fund and generally has higher expenses and lower minimum investments. The category may include several share classes of the same mutual fund which may have a material impact on the fund's ranking.

**Morningstar Overall Star rating ★★★★★ for Artisan High Income Fund. Ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10- year Morningstar Rating metrics. (Overall: 5 stars out of 610 funds; 3-years: 5 stars out of 610 funds; 5-years: 5 stars out of 519 funds in the High Yield Bond category).

positive developments that have increased the relative value of Realogy's debt. At a macro level, the backdrop remains supportive as accommodative monetary conditions and low inventory levels should allow current sales trends to continue in the near term. More importantly, the company has pivoted to a more creditor-friendly financial policy, introducing covenants in its most recent debt offering that restrict the company's ability to buy back stock. As a result, we anticipate the company's credit trajectory will improve as free cash flow will be deployed toward debt repayment or strategic M&A. With leverage likely to decrease over the next 12-18 months, we believe our senior unsecured positions offer attractive total return potential.

Other new entrants include insurance brokers Acrisure and NFP Corp. We added to our position in Acrisure with the purchase of its discounted term loan. The company has been aggressively growing its market presence in the US insurance brokerage market through a well-developed acquisition strategy which allows for acquired entities to maintain their existing brands while providing operational autonomy by centralizing critical back-office functions. While leverage has risen in lockstep with its acquisition activity, the company has been able to generate significant organic growth to support its credit profile. Similarly, NFP enjoys a rising position in the employee-benefits marketplace–particularly among mid-sized companies. NFP has experienced strong growth, both organically and through acquisitions, in its property and casualty business and as it increases its efforts to leverage cross-selling opportunities. Strength in its senior unsecured debt helped it move into the portfolio's top-10 issuers.

VEREIT is another long-time holding that made its way into the portfolio through appreciation as the issuer's higher-grade profile rallied with the help of lower interest rates. The company's credit story remains largely the same since we first meaningfully added the issuer to the portfolio in early 2015. Over the last few years, the company's credit profile has materially improved as management has aggressively deleveraged the balance sheet through strategic divestitures and a series of credit-positive transactions. As a result, the company was able to regain its investment-grade rating in 2017.

On the other side of the ledger, we used the quarter's strength to trim positions that have outperformed, reallocating to more attractive relative value opportunities. Among issuers falling out of the top 10 was roofing-materials distributor Beacon Roofing Supply. After adding to our holdings in late 2018 on acquisition-integration risks and housing-related weakness, we exited a portion of our senior unsecured position based on valuation in Q1. Similarly, with Endeavour Resources, we trimmed our position after talks of an acquisition by a major oil and gas company pushed spreads inside 200bps, limiting our holding's relative value. We also trimmed our position in multi-brand retailer J. Crew. The company's turnaround has experienced a setback despite positive momentum in its flagship banner and the market's constructive valuation view on its Madewell franchise. Operational headwinds limit our position's near-term upside, though opportunity remains on a longer-term basis. Finally, we reduced our long-term holding in Altice USA based on valuation.

Perspective

We are proud of our progress over the last five years and believe our approach will be particularly appealing as we look at the investing environment ahead. As career investors in the high yield credit space, we recognize the risk of loss is often greater than the potential for gain—accordingly, we focus intently in our research on what can go wrong. We believe this commitment to downside analysis and margins of safety will serve us well as we enter into the latter stages of the current cycle. While the economic environment remains supportive for credit investors in the near term, swings in sentiment are likely as investors price in risks from decelerating global growth and uncertain monetary conditions. Against this backdrop, our disciplined underwriting process and ability to capitalize on market inefficiencies by way of individual security selection is increasingly critical, and we believe it should serve us well when the cycle turns. As always, we'll continue to manage the portfolio with an eye toward downside risks, believing this disciplined, high-conviction approach will be rewarded over our long-term investment horizon.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

Fixed income securities carry interest rate risk and credit risk for both the issuer and counterparty and investors may lose principal value. In general, when interest rates rise, fixed income values fall. High income securities (junk bonds) are speculative, experience greater price volatility and have a higher degree of credit and liquidity risk than bonds with a higher credit rating. The portfolio typically invests a significant portion of its assets in lower-rated high income securities (e.g., CCC). Loans carry risks including insolvency of the borrower, lending bank or other intermediary. Loans may be secured, unsecured, or not fully collateralized, trade infrequently, experience delayed settlement, and be subject to resale restrictions. Private placement and restricted securities may not be easily sold due to resale restrictions and are more difficult to value. The use of derivatives in a portfolio may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets.

ICE BofAML US High Yield Master II Index measures the performance of below investment grade $US-denominated corporate bonds publicly issued in the US market. J.P. Morgan Leveraged Loan Index is designed to mirror the investable universe of the USD-denominated institutional leveraged loan market. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

This summary represents the views of the portfolio managers as of 31 Mar 2019. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. These holdings comprise the following percentages of the Fund's total net assets (including all classes of shares) as of 31 Mar 2019: Acrisure 2.1%, NFP Corp 2.1%, Realogy 2.1%, VEREIT 2.1%, Beacon Roofing Supply 1.5%, Endeavour Resources 1.5%, J Crew Group 1.2%, Altice USA 2.0%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. Portfolio statistics include accrued interest unless otherwise stated and may vary from the official books and records of the Fund. This material does not constitute investment advice.

Source ICE Data Indices, LLC, used with permission. ICE Data Indices, LLC permits use of the ICE BofAML indices and related data on an "as is" basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing, and does not sponsor, endorse, or recommend Artisan Partners or any of its products or services.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Contribution to return is calculated by Bloomberg by multiplying a security's daily total return multiplied by the daily weight compounded over the referenced timeframe and does not take into account expenses of the portfolio. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Drawdown figures based on monthly returns for the Investor Class (ARTFX) beginning with April 2014, the first full month following inception relative to the ICE BofAML US High Yield Index.

Credit Quality Ratings typically range from AAA (highest) to D (lowest) and are subject to change. The ratings apply to underlying holdings of the Portfolio and not the Portfolio itself.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings are for the Fund's Investor Shares; other classes may vary.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Three-year takeout** refers to the point at which a current loan is refinanced or otherwise paid off. **Beta** is a measure of the volatility of a security or a portfolio in comparison to the market as a whole. **Investment Grade** indicates above-average credit quality and lower default risk and is defined as a rating of BBB or higher by Standard and Poor's and Fitch rating services and Baa or higher by Moody's ratings service. **Margin of Safety**, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

A R T I S A N P A R T N E R S